



A guide to staircasing

This is a quick guide to shared ownership staircasing and gives you an outline of your options to consider with an indication of the costs and timescales involved.

The guide also includes the form you will need to begin the process.

Please read this information carefully.

What is staircasing?

Staircasing is the process of buying greater shares of your property, up to 100% ownership if your lease will allow.

As a shared owner you pay rent on the percentage of the home you do not yet own. So, if you own 25% of your home, you will pay rent on the other 75% of the property. By staircasing you increase the share percentage you own so, your rent will go down.

There can be restrictions in your lease that mean you might need to have been the property owner for some time before you can buy more shares, or you must buy a certain number of shares as a minimum, or you cannot staircase to 100% ownership. We will check your lease and let you know of any restrictions as part of the process of staircasing.

Before you start

Before starting the process of staircasing it is worth knowing how much any additional shares might cost. Try getting a rough guide to the current market value of your property by an online search or a local estate agent that might be willing to advise you of the current property value at no cost.

To calculate the premium cost to you of additional shares, it is: $\text{property value}/100 \times \text{the number of shares you wish to purchase}$. As an example, if your property is valued at £100,000, then a single share is valued at £1,000 so the premium for 10% shares is £10,000.

You should get financial advice before starting the process and we strongly recommend you take independent professional advice about what is involved and how to proceed.

General advice and information is available free of charge from the Leasehold Advisory Service – www.lease-advice.org

Do you need a solicitor for staircasing transactions?

Staircasing counts as a property transaction. There are various legal considerations so, you would typically employ a conveyancing solicitor to handle your staircasing transactions.

How long does staircasing take?

The process of staircasing would usually take between one and three months for you to buy any additional share of your property. You will need a solicitor to represent you, we strongly advise that you work closely with your solicitor to ensure that your timescales are clear.

The length of time it would take you to staircase your way to full 100% ownership would depend on the terms of your lease, and your ability to raise enough money to buy extra shares in your property.

How much will the shares cost?

The property is valued each time you apply to buy an extra share. As a result, the amount of money needed to buy shares can change according to the value of the property at the time.

How much does staircasing cost?

As well as the premium cost for the shares you wish to buy, there are additional costs to staircasing. These include your conveyancing and solicitor fees, any stamp duty payable and any fees for your new mortgage.

The premium payable for the shares will be dependent on the property value as determined by the Royal Institution of Chartered Surveyors (RICS) independent valuer.

First Choice Homes Oldham require payment of a non-returnable administration charge of £150 to start the process, plus the cost of the valuation survey for the property.

Please note - should you decide not to proceed after we have provided the premium cost for the shares, the cost of the valuation survey will be retained to cover our abortive costs.

The valuation report will be valid for three months, should the staircasing process not complete within three months, you will be responsible for the cost to extend the valuation.

Will I own the freehold?

If you buy all the available shares to the maximum 100%, then you will usually have the freehold transferred to you. If there are restrictions in your lease that mean you will not own the freehold, we will tell you at the beginning of the process.

Administration charge

There is a non-refundable charge of £150.00, this covers: -

- arranging the valuation and providing written confirmation of the premium payable
- administering your First Choice Homes Oldham account
- coordinating with solicitors over documentation required for the staircasing

Legal fee

You are responsible for seeking legal advice. You will need to pay your legal fees.

Abortive Fee

If you decide not to proceed after we have provided the premium cost for the shares, the cost of the valuation survey will be retained to cover abortive costs. Abortive costs are payable if you withdraw from the process at any stage before the sale of the shares is completed.

Copy Land Registry documentation

There are administration charges for First Choice Homes Oldham providing any copy Title documents held at the Land Registry, including the lease.

Your mortgage lender or solicitor might have a copy of your lease they will provide at no cost. Alternatively, you can download a copy from the Land Registry for a small fee from HM Land Registry - GOV.UK (www.gov.uk)

Will you pay stamp duty on staircasing transactions?

If you buy additional shares in a shared ownership property after the initial transaction, you do not pay stamp duty until you have 80% or more ownership of the property. Once you own 80% or more of the property, you will need to pay stamp duty on the transaction that took you over 80% ownership and any further transactions. Your solicitor should do this for you.

Five steps to your staircasing

Step one: You tell us you are going ahead with the staircasing

We will invoice you for payment of the non-returnable administration charge of £150 to start the process, plus the cost of the valuation survey for the property. Once we have the payment, we will instruct the independent valuers to contact you. They will make direct contact with you and arrange to value your property.

You will also need to provide us with details of your solicitor.

Step two: Valuation

The valuation must be carried out by a Royal Institution of Chartered Surveyors (RICS) qualified surveyor. Once we have the valuation report we will provide you written confirmation of the premium to buy the additional shares, and confirm any further steps.

A valuation report is only valid for 3 months, if the staircasing does not complete during this time a new valuation might be required. You are also responsible for this cost.

Step three: Offer accepted

When you confirm acceptance of the premium cost for the shares, we will instruct the First Choice Homes Oldham solicitor to contact your solicitor.

You should keep in regular contact with your legal representative to make sure that the sale progresses as smoothly as possible.

Step four: Completion

Once the staircasing is completed and your solicitor has transferred all funds, your rent will be amended from the completion date. We will amend your direct debit payment if you pay your rent by direct debit.

Step five: Update Land Registry

The final step is for your solicitor to inform the Land Registry of any changes to your ownership and that you now hold the freehold if applicable.

Intention of Staircasing

Please send a scanned copy (or a photo) of this completed and signed form by email to Homeowners@fcho.co.uk

Names of all Leaseholders

1.

2.

Full property address

Home number

Mobile number

Email address

% shares to be purchased

%

Solicitor details

Correspondence address

Office number

Email address

Declaration and Signatures

I/We are aware that if we withdraw from the process before completions of the sale of my property, we will have to pay an aborted sale fee.

I/We have been advised to seek independent professional/legal advice for the staircasing purchase.

I/We are happy for First Choice Homes Oldham to share our contact information with a third party as relevant to the staircasing.

If there are joint leaseholders, all leaseholders must sign this form to confirm the above information is correct to the best of your knowledge

Signature of all leaseholders

Signature
Date

1.

Signature
Date

2.